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In re application of:

Liane Redford

Application No.: 10/660,211

Filed: September 10, 2003

For: METHOD AND SYSTEM FOR
MANAGING LIMITED USE COUPON
AND COUPON PRIORITIZATION

Confirmation No. 6545

Examiner: Raquel Alvarez

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APPELLANTS' BRIEF UNDER
37 CFR §41.37

Mail Stop Appeal Brief
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Commissioner:

This Appellants' Brief is responsive to the Final Office Action mailed on
February 22, 2010. Further to the Notice of Appeal filed on June 22, 2010 for the above-
referenced application, Appellants submit this Brief on Appeal pursuant to 37 C.F.R. 41.37.

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1. REAL PARTY IN INTEREST

The real party in interest of the subject patent application is Visa U.S.A. Inc., the assignee of the present application.

2. RELATED APPEALS AND INTERFERENCES

None.

3. STATUS OF CLAIMS

Claims 1-20 and 44-50 are pending and finally rejected. Claims 21-43 have been cancelled. Appellants appeal from the rejection of all pending claims.

4. STATUS OF AMENDMENTS

No amendments after final have been filed.

5. SUMMARY OF CLAIMED SUBJECT MATTER

In the following summary, Appellants have provided exemplary references to sections of the specification and drawings supporting the subject matter defined in the claims as required by 37 C.F.R. §41.37. The specification and drawings also include additional support for other exemplary embodiments encompassed by the claimed subject matter. Thus, these references are only intended to be illustrative and not restrictive.

Conventional, existing paper-based coupon systems do not provide any automated means to monitor and/or limit the number of coupons that are redeemed by an individual or household. As a result, in situations where there are supposedly artificial limits on the number of coupons that can be redeemed by an individual or household, these limits cannot be effectively enforced. Due to the inability to monitor and limit the number of redeemable coupons, merchants or manufacturers sponsoring the coupons may suffer loss of revenues.

Additionally, paper coupons present an obvious opportunity for fraudulent copying that can be mitigated only by serially numbering each coupon and recording the use of

each coupon via an on-line, real-time system. Such preventive measures would significantly increase the cost of paper-based coupon systems and, thus, are rarely employed.

Furthermore, existing smartcard-based (and other card-based) loyalty systems also, in general, do not provide the means to limit coupon redemptions to a variable value determined by the coupon or reward program sponsor. Consequently, the coupon can only be redeemed once or an unlimited number of times. Each time a paper coupon or electronic reward is offered, the reward program sponsor needs to determine the maximum cost associated with the redemption of such rewards in order to build a budget and business case for launching the reward program. Additionally, the strategy to be employed by the reward sponsor will dictate whether a single use, unlimited use or a specified number of uses would best achieve the objectives of the rewards program. The inability to limit coupon redemptions therefore makes it exceptionally difficult to establish a realistic maximum budget to fund the rewards attributed to redeemed coupons since use is dictated not only by cardholder activation but also by frequency of use.

Moreover, existing paper-based coupon and smartcard-based loyalty systems do not provide any automated means to enforce rules associated with the combined redemption of coupons. Therefore, enforcement is generally performed manually (by reading the rules printed on each coupon) or enforcement is programmatically defined within the merchant's payment system application for each coupon that might be presented. Since the cost of continued updates to the merchant payment system would be prohibitive, redemption information is generally left to the clerk.

Similar issues exist for the prioritization of redemption of multiple coupons associated with a single transaction. Although this might be handled programmatically, the variety of coupon types and the sheer volume of coupons that might be presented at the merchant register would make software maintenance extremely cost prohibitive. As a result, coupons are generally applied in the order received.

Each reward (whether in the form of a paper coupon or an electronic program stored on a card or in a terminal) must be defined with a specific set of rules and legal restrictions in order to comply with legal requirements for disclosure to its potential recipients. Accordingly, those rules and legal restrictions must be enforced in order to insure that all

recipients are receiving the same fair and impartial benefit. Therefore, rewards sponsors must define not only these rules but must also provide some level of assurance that the merchants that distribute the rewards can facilitate enforcement. Correspondingly, the rewards sponsor also establishes the rules in order to insure that the benefit derived by the recipient is consistent with the sponsor's business and financial plan and to insure that the reward creates an appropriate incentive for the consumer to perform the desired purchase behavior. Once electronic rewards are introduced, the challenges associated with rules enforcement become significantly more complex.

Embodiments of the invention include a system for managing coupon redemption and prioritization. According to one exemplary aspect of the system, the system allows an electronic coupon or reward to be redeemed a specific number of times. The specific number of times may range from one to infinity.

According to another exemplary aspect of the system, the system automatically resolves any redemption conflict associated with the concurrent redemption of electronic coupon(s) and paper-based coupon(s) by using certain predefined rules and logic.

Some of the embodiments of the invention may be illustrated by the various independent and dependent claims described below.

Independent claim 1

Claim 1 is directed to a system for managing coupon redemption under a reward program. The system comprises a portable token (paragraph [0020], lines 2-6) configured to store an electronic coupon (Abstract; paragraph [0020]; paragraph [0023], lines 1-3) and a redemption tally (paragraph [0026], lines 13-18). The redemption tally represents the number of times the electronic coupon has been redeemed by a holder of the portable token for a corresponding reward under the reward program (paragraphs [0026]-[0027]). The system also comprises a token acceptance device configured to communicate with the portable token (paragraph [0020], lines 31-32; paragraph [0021], lines 10-11) and store a redemption limit relating to the electronic coupon (paragraphs [0025]-[0027]). The redemption limit represents the maximum number of times the electronic coupon is allowed to be redeemed for the

corresponding reward under the reward program (paragraph [0025], lines 6-9). The token acceptance device is further configured to receive information relating to a transaction from the holder (paragraph [0030], lines 24-25). The holder indicates to the token acceptance device that the electronic coupon is to be redeemed and applied to the transaction (paragraph [0030], lines 24-25). Upon receiving indication of redemption of the electronic coupon, the token acceptance device compares the redemption limit to the redemption tally and determines whether the electronic coupon is allowed to be redeemed and applied to the transaction (paragraphs [0027], [0032]). The token acceptance device automatically resolves redemption conflicts associated with a concurrent redemption of the electronic coupon and other coupons (paragraphs [0039], [0046], and [0050]-[0052]).

Independent claim 8

Claim 8 is directed to a system for managing coupon redemption under a reward program. The system comprises a reward host configured to store a redemption limit (paragraphs [0025], and [0028]-[0029]). The redemption limit represents the maximum number of times an electronic coupon is allowed to be redeemed for a reward under the reward program (paragraph [0025], lines 6-9). The system also comprises a token acceptance device configured to receive the redemption limit from the reward host (paragraphs [0025], [0027]-[0029]). The token acceptance device is further configured to communicate with a portable token (paragraph [0020], lines 31-32; paragraph [0021], lines 10-11). The portable token has a redemption tally (paragraph [0026], lines 13-18). The redemption tally represents the number of times the electronic coupon has been redeemed by a holder of the portable token for the reward under the reward program (paragraphs [0026]-[0027]). The token acceptance device is also configured to receive information relating to a transaction from the holder (paragraph [0030], lines 24-25). The holder indicates to the token acceptance device that the electronic coupon is to be redeemed and applied to the transaction (paragraph [0030], lines 24-25). Upon receiving indication of redemption of the electronic coupon, the token acceptance device compares the redemption limit to the redemption tally and determines whether the electronic coupon is allowed to be redeemed and applied to the transaction (paragraphs [0027], [0032]). The token acceptance device

automatically resolves redemption conflicts associated with a concurrent redemption of the electronic coupon and other coupons (paragraphs [0039], [0046], and [0050]-[0052]).

Independent claim 15

Claim 15 is directed to a method for managing coupon redemption under a reward program. The method comprises retrieving a token image from a portable token (paragraph [0030], lines 20-21). The token image has an electronic coupon (paragraph [0050], lines 20-24) and a redemption tally relating to the electronic coupon (paragraphs [0032]-[0033]). The redemption tally represents the number of times the electronic coupon has been redeemed for a corresponding reward under the reward program (paragraphs [0026]-[0027]). The method also comprises comparing the redemption tally to a redemption limit (paragraph [0027]). The redemption limit represents the maximum number of times the electronic coupon is allowed to be redeemed for the corresponding reward under the reward program (paragraph [0025], lines 6-9). The method also comprises automatically resolving redemption conflicts associated with a concurrent redemption of the electronic coupon and other coupons (paragraphs [0039], [0046], and [0050]-[0052]). Retrieving, comparing, and automatically resolving are performed by a token acceptance device (paragraph [0030], lines 20-21; and paragraphs [0027], [0039], [0046], and [0050]-[0052]).

Dependent claim 4

Claim 4 depends on independent claim 1 and additionally includes: "... the redemption limit is established based on one or more criteria that are specific to the holder of the portable token." (Paragraph [0028]-[0029]).

Dependent claim 47

Claim 47 depends on independent claim 15 and additionally includes: "... token acceptance device will store the electronic coupon within the memory of the portable token for future use if it determines there is a conflict with the other coupons." (Paragraph [0046], lines 21-24).

Dependent claim 49

Claim 49 depends on independent claim 15 and additionally includes: "... the portable token is a phone." (Paragraph [0020]).

6. GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

In the final Office Action mailed on February 22, 2010, claims 1-20 and 44-50 were rejected as obvious under 35 U.S.C. § 103(a) over Powell (U.S. Patent No. 5,956,694) in view of Leonard et al. (U.S. Patent No. 5,903,874).

For purpose of this appeal, Appellants would like to separately argue the patentability of independent claim 1, and dependent claims 4, 47 and 49. Claims 2, 3, 5-20, 44-46, 48 and 50 may stand or fall with respect to claim 1. No admissions are made by the groupings of claims, and Appellants reserve the right to pursue features in any of the claims in continuation applications.

7. ARGUMENT

At page 2 of the final Office Action, claims 1-22 and 44-50 are rejected under 35 U.S.C. §103(a) as being unpatentable over Powell (U.S. Patent No. 5,956,694) in view of Leonard et al. (U.S. Patent No. 5,903,874). Initially, it is noted that some of the limitations in the independent claims are allegedly met by the "Official Notice." See the first paragraph of page 4 of the Office Action. Thus, the basis for the obviousness rejection should be based on Powell, Leonard et al. and Official Notice, and not just Powell and Leonard et al.

A. Independent Claim 1

1. Obviousness has not been established, since Powell and Leonard et al. fail to teach or suggest each and every limitation in the claim.

- a. "a portable token configured to store an electronic coupon and a redemption tally"

Powell and Leonard et al., alone or in combination, do not teach or suggest every limitation of independent claim 1. To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. Powell and Leonard et al. fail to teach or suggest, *inter alia*, “a portable token configured to store an electronic coupon and a redemption tally” as recited in independent claim 1. Support for this feature is found in paragraph [0026] on page 6 of the specification.

Powell is directed to a system and method for distributing and processing discount coupons (see title and abstract) and automatically applying an electronic coupon to a transaction when a qualifying item is scanned at a checkout counter. The process in FIG. 15 of Powell is generally described at column 9, line 51 to column 10, line 9. In Powell, the process for applying an electronic coupon starts with a customer inserting a customer card into an interface slot. The interface slot resets the customer card by applying a reset signal to the card. In response to the reset signal, the customer card sends a table of coupons to the checkout station, which removes the table from the customer card so that the coupons cannot be redeemed again.

The table of coupons received from the customer card is stored in the memory of the checkout station that checks the table each time a new UPC is scanned to see if there are any applicable coupons to be applied. If a scanned product UPC corresponds to a coupon in the table, the checkout station subtracts the discount as determined by the discount data stored in the table. As described in Powell, the process of applying coupons on the customer card is completely automatic.

In his description of FIG. 15, Powell states the following at column 9, line 60 to column 10, line 7:

CPU 950 causes card interface 925 to reset the card by applying a clock signal to card contact 8423. (If the card is a customer card, the card then answers the reset by sending a block of data, including identification to 8467 and authorization data 8468, through card contact 8472.) CPU 950 then receives the answer to reset from the card (step 2). CPU 950 then sends the data block containing a station type code indicating a checkout station (step 4). CPU 950 then receives the contents of table 8435 in EEPROM 8462 of the customer card, and temporarily stores these table

contents in memory 920 of the checkout station (step 5). During step 10005, CPU 950 also causes customer card 295 to remove all entries from list 8435, so the electronic coupons in the list cannot be redeemed again.

As noted above, all electronic coupons are “removed” from the customer card 295 in Powell, so Powell not only fails to teach or suggest “a portable token configured to store an electronic coupon and a redemption tally,” it teaches away from it. Further, Leonard et al. describes a system and method for electronic coupon management using a telephone, and there is clearly no “portable token” that stores an electronic coupon and redemption tally in Leonard et al.

The Examiner responds, at page 7 of the Office Action, by stating the following:

Abstract). Contrary to Applicant's arguments Powell doesn't teach away from storing the redemption tally at the smartcard 250 because Powell recognizes that the coupon list needs to be updated in order to prevent fraudulent usage by making sure that the **coupon in the list cannot be repeated again** (col. 10, lines 4-6). One of ordinary skill given Powell and Leonard will recognize that using Leonard coupon's file that maintains redemption usage and tallies the number of usages into the smartcard of Powell will allow the smartcard of Powell to contain all the coupon redemption in the convenience of the smartcard carried by the user in order to allow all the information to be read from one single location and therefore as stated in the modification above provide versatility and portability of the information.

A smartcard that has its coupon list “updated” so it “cannot be redeemed again” is clearly not “configured to store an electronic coupon and a redemption tally.” The smartcard in Powell has no need to utilize a file that maintains a redemption usage and was not designed to “allow all the information to be read from one single location.” Rather, the smartcard in Powell merely sends a table of coupons in response to a reset signal which is removed so that the coupons cannot be redeemed again. Therefore, Applicants submit that the Examiner's reasoning that Powell contains a coupon redemption for convenience to allow all the information to be read from one single location is unfounded.

Since neither Powell nor Leonard et al. teaches or suggests a “portable token” that stores an electronic coupon and redemption tally, obviousness has not been established.

2. *Obviousness has not been established, since the reason to combine Powell and Leonard et al. is found in Applicants’ specification, and not the prior art as required by 35 U.S.C. 103.*

Obviousness has not been established, since the reason to combine Powell and Leonard et al. is found in Applicants’ specification, and not the prior art as required by 35 U.S.C. 103. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and must not be based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991). MPEP 2142. The Office Action, at page 3, alleges that “it would have been obvious to a person of ordinary skill in the art at the time of Powell’s invention to have included in the memory storage of Powell’s smartcard coupon, a tally for the times that the coupon has been redeemed and updating the redemption tally every time the coupon has been redeemed as taught by the file of Leonard et al., because such a modification would allow the portable token (smartcard of Powell) to internally keep track in each smartcard of the times the coupon has been redeemed and therefore will provide versatility and portability.” The Examiner admits at page 3 of the Office Action that Powell does not teach the redemption tally feature and therefore Powell cannot teach this reasoning. Leonard et al. also fails to teach this feature, and the Examiner fails to indicate where this reasoning can be found in Leonard et al. Leonard et al. discloses what appears to be a telecommunications system for redeeming coupons. It clearly does not teach, or suggest, keeping track of a tally on a smartcard, let alone the specific reasoning for combining Powell and Leonard et al. While the prior art does not teach or suggest this reasoning, the present specification does teach or suggest this reasoning. For example, paragraph [0012] of the specification states:

The present invention as described herein provides a number of benefits and advantages. For example, merchants would benefit from the use of the present invention since rules enforcement can be automated and applied at the token level. This reduces

transaction time and the burden on clerks. Furthermore, the risk of coupon rejection by the program sponsor due to illegal and/or repeated use of a specific reward can be mitigated.

Since the reason to combine Powell and Leonard et al. was taken from the present specification and not the prior art as required by 35 U.S.C. 103, obviousness has clearly not been established.

The Examiner has not provided a direct response to the above argument. The closest counter-argument provided by the Examiner is on page 7 and states:

7. In response to applicant's argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

The Examiner's reasoning is baseless. Whether or not judgments on obviousness are necessarily a reconstruction based upon hindsight reasoning does not address the fact that the features of the present invention are not found in the prior art.

3. ***Obviousness has not been established, since modifying Powell in the manner suggested by the Examiner would render Powell unsatisfactory for its intended purpose.***

Obviousness has not been established, since modifying Powell in the manner suggested by the Examiner would render Powell unsatisfactory for its intended purpose. Powell not only does not teach or suggest a portable token configured to store a redemption tally as recited in the independent claim, but modifying the customer card of Powell with the file that tracks the number of times a coupon has been used (as allegedly described in Leonard et al.) would render the customer card in Powell unsatisfactory for its intended purpose. If [the]

proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification. *In re Gordon*, 733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984). Storing a tally on the customer card of Powell would result in a card that stores coupons that can be used more than once. Such usage is contrary to the intended purpose of Powell, which is that all coupons on the customer card are to be erased each time the customer card is presented for redemption to prevent fraud and repeated use. In his description of FIG. 15, Powell states the following at column 9, line 60 to column 10, line 7:

CPU 950 causes card interface 925 to reset the card by applying a clock signal to card contact 8423. (If the card is a customer card, the card then answers the reset by sending a block of data, including identification to 8467 and authorization data 8468, through card contact 8472.) CPU 950 then receives the answer to reset from the card (step 2). CPU 950 then sends the data block containing a station type code indicating a checkout station (step 4). CPU 950 then receives the contents of table 8435 in EEPROM 8462 of the customer card, and temporarily stores these table contents in memory 920 of the checkout station (step 5). During step 10005, CPU 950 also causes customer card 295 to remove all entries from list 8435, so the electronic coupons in the list cannot be repeated again.

By completely removing all entries from the table of coupons stored on the customer card each time the customer card is inserted into an interface slot to prevent the coupons from being used more than once, Powell implies that no coupon on the customer card can be used more than once. Thus, modifying Powell in the manner proposed by the Examiner would frustrate the intended purpose of Powell, and Powell actually teaches away from the modification proposed by the Examiner.

The Examiner responds, at page 8 of the Office Action, by stating the following:

8. Applicant states that storing a tally on the customer card of Powell would result in a card that stores coupons that can be used more than once and that such usage is contrary to the intended purpose of Powell, which is that all coupons on the customer card are to be erased each time the customer card is presented for redemption to prevent fraud and repeated use. The Examiner wants to point out that Powell wants to prevent fraud and fraudulent use of the coupons and that therefore it would make perfect sense to add the redemption file of Leonard to the smartcard of Powell in order to better keep prevent fraud by keeping track exactly of the amount of usage and redemption of the electronic coupons.

While the Examiner alleges that one would have combined Powell and Leonard et al. to “prevent fraud” and that “it would make perfect sense to add the redemption file of Leonard,” Applicants submit that this is not responsive to Applicants’ argument that the references teach away from each other. Further, the Examiner’s reasoning to “prevent fraud” is also not present in the cited prior art, and the rejection is improper for yet another reason.

4. *Neither Powell nor Leonard et al. teaches or suggests the limitation the “token acceptance device automatically resolves any redemption conflicts associated with a concurrent redemption of the electronic coupon and other coupons.”*

Applicants respectfully submit that the obviousness rejection is improper for the reasons provided above. However, claim 1 recites a system comprising, *inter alia*, a “token acceptance device automatically resolves any redemption conflicts associated with a concurrent redemption of the electronic coupon and other coupons.” On page 4, the Office Action implicitly acknowledges that neither Powell nor Leonard et al. teach or suggest such a limitation, and states:

Official Notice is taken that it is old and well known to resolve conflicts such as conflicts between coupons presented to be redeemed. For example, if a customer presents two coupons with the same serial number or SKU or UPC the system will determine if that particular serial number or SKU or UPC pertaining to that particular coupon has been previously redeemed. It would have been obvious to a person of ordinary skill in the art to use the same principle of checking the serial number, SKU and UPC data on

paper coupons and electronic coupons in order to avoid fraud.

Pursuant to MPEP §2144.03, Applicants challenge the Examiner's taking of Official Notice in each and every instance that this is done in the Office Action. The Examiner has not found a prior art reference to support an allegation that a feature that is present in the claims is "well known." If such feature is in fact "well known" in the art, then it should not be too burdensome for the Examiner to find and cite such references. Even if the Examiner can find a reference teaching an element for which Official Notice is taken, the reference may not be combinable with the other cited references or may teach away from the combination. Thus, Applicants cannot determine if the Examiner has satisfied his burden of establishing obviousness, unless prior art is cited to meet the claim limitations.

The Examiner at pages 8 and 9 of the Office Action responds to this argument by stating the following:

9. With respect to the Official Notice taken on resolving any redemption conflict associated with a concurrent redemption of the electronic coupon and other coupons, the Examiner has provided examples of the well known facts and Appellant hasn't provided a proper challenge in the response mailed on May 26, 2009 that would at least cast reasonable doubt that the known facts weren't known prior to Applicant's invention. A proper response would have to include why as the date of Applicant's invention the well known facts weren't known to one of ordinary skill in the art. Therefore the Official notice is sustained. See MPEP 2144.03.

MPEP section 2144.03(c) states that "[t]o adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art." The MPEP defines an inadequate traversal, stating: "[a] general allegation that the claims define a patentable invention without any reference to the examiner's assertion of official notice would be inadequate." MPEP 2144.03(c) (emphasis added). In *Chevenard*, the case cited by the MPEP as an example of an inadequate traversal, the applicant made no argument

whatsoever to contradict the Examiner's holding and thus, the Board held that "in the absence of any demand by appellant for the examiner to produce authority for his statement, we will not consider this contention." *In re Chevenard*, 139 F.2d 711, 713, 60 U.S.P.Q. 239 at 241 (emphasis added).

In the present case, the Examiner states that Applicants have stated their traversal on the record, but "hasn't provided a proper challenge that would at least cast reasonable doubt that the known facts weren't prior to Applicant's invention." Applicants' traversal of the Examiner's assertion of Official Notice was adequate. Not only did Applicants' arguments reference the Examiner's assertion of Official Notice and ask the Examiner to produce authority for her statement, Applicants specifically outlined why the assertion was not proper in a previous Amendment mailed on May 26, 2009. (Page 11 of the Amendment mailed on May 26, 2009 states the following: "The Office Action makes no allegation that Powell or Leonard et al. teach the limitation of resolving conflicts between coupons, let alone the limitation wherein a "token acceptance device automatically resolves any redemption conflict associated with a concurrent redemption of the electronic coupon and other coupons," as recited in the currently amended claims. Therefore, it is clear that the Office Action does not consider Powell or Leonard et al. as teaching such a limitation and instead resorts to taking Official Notice of this limitation.").

In sum, Applicants argued that the taking of Official Notice was improper because even if the Examiner could find a reference teaching a limitation for which Official Notice is taken, it may not be combinable with the other cited references (for example, two other references were cited in addition to Official Notice) or may teach away from the combination. Without a specific reference, Applicants cannot determine whether or not obviousness had been established.

Once Applicant has traversed the Examiner's assertion of Official Notice, "the examiner must provide documentary evidence in the next Office action if the rejection is to be maintained." MPEP 2144.03(c). Applicants again respectfully request that the Examiner provide a specific reference that discloses the features in these claims or withdraw the rejection.

It appears to be the position of the Examiner that it is Applicants' burden to prove that the claim limitations do not exist in the prior art. However, as explained by MPEP 2142

“The examiner bears the initial burden of factually supporting any prima facie conclusion of obviousness.” The Examiner’s request to Applicants to prove why the limitations would not have existed in the prior art, improperly shifts the burden of proof for establishing obviousness to Applicants. Consequently, the rejection is improper for yet another reason.

Applicants submit that the Examiner is using Official Notice for the exact opposite purpose. That is, the Examiner appears to use Official Notice when a claim limitation cannot be found in the art, instead using Official Notice when a limitation is notoriously well known in the art.

B. Dependent Claim 4 (and 11)

I. Neither Powell nor Leonard et al. teaches or suggests the limitations in dependent claim 4 (and 11).

Applicants respectfully submit that the obviousness rejection is improper for the reasons provided above. Dependent claim 4 is directed to a redemption limit that is established based on one or more criteria that are specific to the holder of the portable token. This allows certain rewards to have specifically designed redemption limits according to different characteristics of the holder of the portable token. Support for this is found in paragraphs [0028]-[0029]. On page 5 of the Office Action, the Examiner implicitly acknowledges that neither Powell nor Leonard et al. teach or suggest the features of claims 4 and 11, and states:

With respect to claims 4, 11 Powell teaches the coupon based on holder's criteria such as demographic information. Powell that the demographic information is used to impose a redemption limit to the holder of the token. Leonard teaches limiting the redemption limit (Figures 10-12). It would have been obvious to use the customer's criteria of Powell to impose redemption limit in order to customize the coupon's limit based on the user's needs.

First, for the reasons stated above, obviousness has not been established, since modifying Powell in the manner suggested by the Examiner would render Powell unsatisfactory for its intended

purpose. It is clear that Powell is not “configured to store an electronic coupon and a redemption tally. Second, the “demographic information” in Powell is not to used determine a redemption limit for the coupon; rather, it is used to create user-specific coupons. Claims 4 and 11 specifically require that a “redemption limit is established based on one or more criteria that are specific to the holder of the portable token.” This feature is clearly not taught by Powell. Further, this feature is not taught by Leonard et al. as well. Although Leonard et al. teaches limiting the redemption limit, it does not tie the limiting process to “one or more criteria that are specific to the holder of the portable token.” Therefore, the features of dependent claims 4 and 11 are not disclosed or suggested by the references, alone or in combination.

C. Dependent Claim 47

1. Neither Powell nor Leonard et al. teaches or suggests the limitation in dependent claim 47.

Dependent claim 47 is directed to storing an electronic coupon within the memory of a portable token for future use if it determines there is a conflict with other coupons. Support for this is found in paragraph [0046]. On page 6 of the Office Action, the Examiner takes Official Notice that it is old and well known to practice the feature in dependent claim 47. Pursuant to MPEP §2144.03, Applicants challenge the Examiner's taking of Official Notice. The Examiner has not found prior art references to support allegations that features that are present in these dependent claims are "well known." If such features are in fact "well known" in the art, then it should not be too burdensome for the Examiner to find and cite such references. Even if the Examiner can find a reference teaching an element for which Official Notice is taken, the reference may not be combinable with the other cited references or may teach away from the combination. Consequently, the rejection is improper.

D. Dependent Claim 49

1. Neither Powell nor Leonard et al. teaches or suggests the limitation in dependent claim 49.

Dependent claim 49 is directed to a portable token that is a phone. Support for this is found in paragraph [0020]. On page 6 of the Office Action, the Examiner takes Official Notice that it is old and well known to practice the feature in dependent claim 49. Pursuant to MPEP §2144.03, Applicants challenge the Examiner's taking of Official Notice. The Examiner admits on page 6 of the Office Action that "Powell doesn't specifically teach the portable token being a phone." Although it may appear "old and well known" to use a cell phone to store and manage electronic coupons, the Examiner has not located a reference that describes such a thing. If such a feature is in fact "well known" in the art, then it should not be too burdensome for the Examiner to find and cite a reference. Even if the Examiner can find a reference teaching an element for which Official Notice is taken, the reference may not be combinable with the other cited references or may teach away from the combination. Consequently, the rejection is improper.

8. CONCLUSION

For these reasons, it is respectfully submitted that the rejection should be reversed.

Respectfully submitted,

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9. CLAIMS APPENDIX

Claim 1. A system for managing coupon redemption under a reward program, comprising:

a portable token configured to store an electronic coupon and a redemption tally, the redemption tally representing the number of times the electronic coupon has been redeemed by a holder of the portable token for a corresponding reward under the reward program; and

a token acceptance device configured to communicate with the portable token and store a redemption limit relating to the electronic coupon, the redemption limit representing the maximum number of times the electronic coupon is allowed to be redeemed for the corresponding reward under the reward program, the token acceptance device further configured to receive information relating to a transaction from the holder;

wherein the holder indicates to the token acceptance device that the electronic coupon is to be redeemed and applied to the transaction;

wherein upon receiving indication of redemption of the electronic coupon, the token acceptance device compares the redemption limit to the redemption tally and determines whether the electronic coupon is allowed to be redeemed and applied to the transaction; and

wherein the token acceptance device automatically resolves redemption conflicts associated with a concurrent redemption of the electronic coupon and other coupons.

Claim 2. The system of claim 1 further comprising:

a reward host configured to allow a reward program sponsor to establish the redemption limit and communicate the redemption limit to the token acceptance device.

Claim 3. The system of claim 2 wherein the reward host is further configured to allow the reward program sponsor to change the redemption limit in response to one or more conditions.

Claim 4. The system of claim 2 wherein the redemption limit is established based on one or more criteria that are specific to the holder of the portable token.

Claim 5. The system of claim 1 wherein the portable token includes one of a smartcard card, a cellular phone, a personal digital assistant, a pager, a payment card, a security card, an access card, smart media and a transponder.

Claim 6. The system of claim 1 wherein the token acceptance device includes one of a point-of-sale device, a cellular phone, a personal digital assistant (PDA), a personal computer (PC), a tablet PC, a handheld specialized reader, a set-top box, an electronic cash register, a virtual cash register, a kiosk, a security system, and an access system.

Claim 7. The system of claim 1 wherein if it is determined that the electronic coupon is allowed to be redeemed, the token acceptance device updates the redemption tally of the portable token.

Claim 8. A system for managing coupon redemption under a reward program, comprising:

a reward host configured to store a redemption limit, the redemption limit representing the maximum number of times an electronic coupon is allowed to be redeemed for a reward under the reward program; and

a token acceptance device configured to receive the redemption limit from the reward host, the token acceptance device further configured to communicate with a portable token, the portable token having stored thereon a redemption tally, the redemption tally representing the number of times the electronic coupon has been redeemed by a holder of the portable token for the reward under the reward program, the token acceptance device also configured to receive information relating to a transaction from the holder;

wherein the holder indicates to the token acceptance device that the electronic coupon is to be redeemed and applied to the transaction;

wherein upon receiving indication of redemption of the electronic coupon, the token acceptance device compares the redemption limit to the redemption tally and determines whether the electronic coupon is allowed to be redeemed and applied to the transaction; and

wherein the token acceptance device automatically resolves redemption conflicts associated with a concurrent redemption of the electronic coupon and other coupons.

Claim 9. The system of claim 8 wherein the reward host is further configured to allow a reward program sponsor to establish the redemption limit and communicate the redemption limit to the token acceptance device.

Claim 10. The system of claim 9 wherein the reward host is further configured to allow the reward program sponsor to change the redemption limit based on one or more conditions.

Claim 11. The system of claim 9 wherein the redemption limit is established based on one or more criteria that are specific to the holder of the portable token.

Claim 12. The system of claim 8 wherein the portable token includes one of a smartcard card, a cellular phone, a personal digital assistant, a pager, a payment card, a security card, an access card, smart media and a transponder.

Claim 13. The system of claim 8 wherein the token acceptance device includes one of a point-of-sale device, a cellular phone, a personal digital assistant (PDA), a personal computer (PC), a tablet (PC), a handheld specialized reader, a set-top box, an electronic cash register, a virtual cash register, a kiosk, a security system, and an access system.

Claim 14. The system of claim 8 wherein if it is determined that the electronic coupon is allowed to be redeemed, the token acceptance device updates the redemption tally of the portable token.

Claim 15. A method for managing coupon redemption under a reward program, comprising:

retrieving a token image from a portable token, the token image having an electronic coupon and a redemption tally relating to the electronic coupon, the redemption tally representing the number of times the electronic coupon has been redeemed for a corresponding reward under the reward program;

comparing the redemption tally to a redemption limit, the redemption limit representing the maximum number of times the electronic coupon is allowed to be redeemed for the corresponding reward under the reward program; and

automatically resolving redemption conflicts associated with a concurrent redemption of the electronic coupon and other coupons,

wherein retrieving, comparing, and automatically resolving are performed by a token acceptance device.

Claim 16. The method of claim 15 further comprising:
storing the redemption limit in the token acceptance device.

Claim 17. The method of claim 16 further comprising:
allowing a reward program sponsor to establish the redemption limit; and
communicating the redemption limit to the token acceptance device.

Claim 18. The method of claim 17 wherein the redemption limit is established based on one or more criteria that are specific to a holder of the portable token.

Claim 19. The method of claim 17 further comprising:
allowing the reward program sponsor to change the redemption limit based on one or more conditions.

Claim 20. The method of claim 15 wherein comparing the redemption tally to the redemption limit further comprises:

determining whether the electronic coupon is allowed to be redeemed.

Claims 21.-43. (canceled)

Claim 44. The system of claim 2 wherein the reward host is further configured to prioritize multiple coupon redemptions for the transaction.

Claim 45. The system of claim 44 wherein the reward host is further configured to determine rules or logic to resolve conflicts between the electronic coupon and a paper-based coupon or the other coupons.

Claim 46. The method of claim 20 wherein determining whether the electronic coupon is allowed to be redeemed further comprises:
prioritizing multiple coupon redemptions.

Claim 47. The method of claim 46 wherein token acceptance device will store the electronic coupon within the memory of the portable token for future use if it determines there is a conflict with the other coupons.

Claim 48. The method of claim 46 wherein prioritizing multiple coupons redemptions further comprises:
redeeming one or more rewards under the reward programs.

Claim 49. The method of claim 15 wherein the portable token is a phone.

Claim 50. The method of claim 15 further comprising:
receiving the redemption limit at the token acceptance device from a reward host;
and
receiving modified redemption limits at the token acceptance device from the reward host.

10. EVIDENCE APPENDIX

None.

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11. RELATED PROCEEDINGS APPENDIX

None.